

**TOY DISTRICT/DOWNTOWN INDUSTRIAL DISTRICT
BUSINESS IMPROVEMENT DISTRICT
BOARD OF DIRECTORS MEETING
MARCH 25, 2008
MINUTES**

BOARD MEMBERS

Present: James Doizaki, Howard Klein, Larry Rauch, Michael Tansey and Paul Vert.

Absent: Richard Gardner, Donald Kanner, Matt Klein, Richard Meruelo, Thomas Payne, Mark Shinbane, William Shinbane and Charlie Woo.

STAFF: Tara Devine, Raquel King, Greg Lee, Estela Lopez and Vicky McCormick.

CONSULTANTS: Ken Coelho and Don Steier.

GUESTS: Steve Gibson, Urban Place Consulting

I. CALL TO ORDER

Vert called the meeting to order with a quorum at 11:35am.

II. PUBLIC COMMENT PERIOD ON NON-AGENDA ITEMS- None

III. APPROVAL OF MINUTES

Rauch made a motion to approve the February 28, 2008 minutes, and H. Klein seconded. The Board unanimously approved.

IV. RENEWAL

Gibson distributed a renewal timeline and a map of the current district and possible expansion areas, and informed the Board that today's meeting would include discussions about boundaries, expansion areas, budget ranges, benefit zones and the Toy District. Gibson stated that he would need guidance from the Board throughout the renewal process.

Gibson reviewed the renewal timeline with the Board. He stated that in April he and staff would conduct outreach to property owners, and would present the results of the outreach to the Board at the April Board meeting. Gibson stated that he would also have recommendations on boundaries, zones, possible assessment methods and the first draft budget that will include real numbers, programs and assessment formulas.

In May Gibson and staff will continue outreach to property owners, and provide the assessment method/rate options with assessment numbers at the May Board meeting.

In June, Gibson and staff will continue to outreach to property owners, and will recommend terms, CPI increase and all elements to the management plan at the June Board meeting.

In July, Gibson stated that he and staff would produce the draft management plan, and will provide the draft plan to the Board for review at the July Board meeting.

Lopez added that CCEA will host small community meetings. Gibson agreed that community meetings would definitely be needed in the expansion areas.

Gibson stated that by September 2008 he would like to send the finalized management plan to the City Clerks office; by October 2008 the plan should pass through the City Clerks office with approval.

Gibson then discussed revenue levels in Toy and DID. He recommended that assessment percentages be increased in Toy and DID to the max allowed in 2009, because in 2010 the BID will need a higher level to start from. The BID's are currently under funded for the services that it provides, and if the assessment is not raised in 2009, it will have to significantly increase in 2010, which is the same time as renewal.

Gibson informed the Board that at the February 25th meeting with Toy District property owners, he asked them what type of district makes sense for them since the elements that made the district viable has changed, which there were no answers; vacancy is up and there are economic issues. The BID has to figure out how much of the economy has affected the Toy District, and what kind of range of an assessment increase is possible.

Gibson then proposed combining Toy and DID creating one BID, and adding the expansion areas. Toy and DID could be split into two zones. Gibson stated that he will demonstrate how much revenue could be generated from expanding the boundaries. He pointed out that the Fashion District expanded their boundaries east, which increased their revenue by \$300,000.

Devine distributed a list of the property owners included in the possible expansion areas, and asked the Board to review the list and let her know if they personally knew any of the property owners.

H. Klein stated that absentee landlords who do not realize what the BID does everyday will object to increases in their assessment.

Rauch added that there are large chunks of property that are controlled by one entity, and they employ their own security and maintenance staff. Some may feel that they do not need BID services.

Coelho asked Gibson if it were possible to renew at a lower assessment rate and increase annually up to 10%. Gibson stated that legally BID's can increase the assessment rate how much they want, as long as the management plan discloses how much the increases may be. Gibson then stated that the rates had to be increased, because inflation continues to rise.

Vert informed the Board that from the February 25th Toy District meeting, the owners feel no value in what the BID does everyday.

He then raised the question of what will the people who rent from the absentee landlords do if there are no services from the BID, and will they care.

Gibson stated that what was most interesting at the February 25th meeting is that the owners present felt the Toy District should go away, and the property owners merge with other districts. The owners feel that the Toy District is evolving in different directions.

The Board instructed Gibson to focus on A1 and A2 of the expansion areas.

Gibson informed the Board that the renewal petition drive begins in the Fall of 2008, and the actual ballot vote will take place in the summer of 2009.

Lopez stated that a computer aided dispatch system (CAD) would provide the absentee property owners the proof of what the BID does daily.

V. FINANCIALS

Coelho reported that the Toy District is currently tracking a negative cash flow of approx. \$35,000 at year-end. This is mainly because the line of credit was paid off in January, and all other liabilities were paid by the end of February. However, cash should even out toward year-end. Coelho stated that DID is currently tracking at about even.

In February, assessment income totaling \$ 218,000 was received for the Toy District. The total budget for Toy is currently under by approx. \$6,000; the BID had not been billed by the maintenance contractor in January, therefore invoices doubled in February. Maintenance contract invoices are now paid through March 2008.

Coelho reported that the security contract is tracking to be even at year-end. \$16,000 that is shown as an under budget amount is due to a timing difference with the invoices.

Monthly totals for DID- \$ 13,000 under budget for the month in security. The rainfall helped a bit. Overall the budget is tracking at approx. \$23, 000 under budget, but should be even by year-end.

In February assessments totaling \$550,000 were received for DID. Monies owed to DID from the Toy and Arts District, and the Private accounts were all paid in March.

Coelho informed the Board that he placed the BID's cash in a securities account at 2.7%. The account is FDIC insured and backed by government securities.

VI. OPERATIONS UPDATE

McCormick reported that the number of encampments in the Toy District had decreased in March, drinking in public increased, drug activity remains the same, and fights increased.

In DID, there continues to be issues with people blocking the sidewalks. McCormick stated that she is working with Lt. Thomas of the LAPD who will deploy more foot beats to address the increased loitering.

McCormick informed the Board that on March 18, she, Lopez and King along with the LAPD and City Attorney's office had a meeting with residents on Winston Street regarding the increased criminal/narcotic activity happening in the evening and early mornings on Winston Street. CCEA will have the Winston Street meetings until the problems are resolved.

McCormick also informed the Board that she and King would be touring the Toy District at night with Rebecca Sherrill of the DWP, to identify areas that need to be lit.

Lopez added that the BID public safety teams have to call the LAPD numerous times a day because there are very violent transients in the Districts.

Lopez stated that many of the LAPD officers that were working SCI have left or been transferred. Lopez informed the Board that the LA Times had contacted her and informed her that arrest stats in Central Area are down, and that the aggressive policing had slipped a bit.

Lopez stated that for the past six weeks she had been telling the LAPD about the drug dealing on Winston Street. The two missions on Winston Street are asking for help, one reporting that its employees are being charged a toll to walk down the street.

McCormick informed the Board of an incident that took place in the Toy District. She stated that a merchant contacted the BID regarding loiterers drinking in front of his business. The public safety team arrived and several of the intoxicated loiterers attempted to attack the BID officers. LAPD's Metro Unit just so happen to be passing by at the same time, saw the commotion and arrested the intoxicated individuals for assaulting the BID officers.

VIII. LEGISLATIVE UPDATE

Industrial Land Use Policy

Devine reported that our efforts to expand the boundaries of the Arts District have been successful. The City Council unanimously voted to expand the current boundaries to add the area bounded by Mill-Wilson Sts. / Violet St. / LA River / 6th St. The change is expected to be complete in 9-12 months (requires EIR process).

Devine also informed the Board that the PLUM committee (Reyes) directed Gail Goldberg of the Planning Department to respond to 18 highly detailed questions about the methodology, process and results of the ILUP study and

related staff work. Director Goldberg was instructed to report back in 30 days; however, PLUM Committee is one of the busiest Council committees, so we anticipate that it will take more than 30 days to agendaize this item again.

DWP Rate Hikes

Devine reported that City Council is still considering the hikes. Most Councilmembers have outstanding concerns over various aspects of the rate hikes. Councilmember Parks is skeptical about the need for an increase and feels that many of the goals could be achieved through cost-cutting and greater efficiency. Councilmember Alarcon fervently opposes the "transfer tax" (which is not actually a tax, but rather a term used to describe the annual sum that DWP transfers to the City's general fund). Councilmember Huizar is concerned about the City residents' minimal participation/enrollment in low-income rate programs (which will be expanded slightly to offset rate hikes for low-income ratepayers). As a whole, however, the City Council seems to acknowledge that DWP's infrastructure needs significant funding, and a rate increase seems likely, although the details are still being debated. Council is under significant fire from the Neighborhood Councils and residents regarding the hikes.

CI Design for Development

Toy/DID/Arts Board Member Michael Tansey and Arts Board Member Paul Solomon met with CRA Central Industrial Project Area staff to provide input on the scope of the Design for Development (DFD), which will create design and development guidelines for the Central Industrial redevelopment project area. Tansey stated that progress was made at the last meeting, and that Solomon had very constructive recommendations. Tansey expressed concern that CRA staff seems to continue to believe that the Gail Goldberg memo is set in stone and will continue to guide agency efforts/decisions in the project area. Devine added that, when complete, the DFD will be a document that can help restrict/abate/mitigate nuisance uses in the district.

Central City Community Plan

Devine distributed a maps of the CC community plan area and a flow charts explaining the public process associated with the plan's update. The CC community plan area roughly covers Downtown between the freeways, which mean that it includes all of the Toy and Industrial BID districts. She reported that the CC plan was funded in the City's prior year budget cycle; however, the outreach process has just begun. The City's initial goal is to have small group meetings with stakeholders, and that staff will arrange a briefing for the Toy/DID board within the next 60 days.

Lopez stated that she could have a City Planner come to the April Board meeting. She also asked that the Board meeting date be changed from April 22nd, to April 29th due to lack of quorum. The Board agreed.

IX. NEW BUSINESS- None

X. ADJOURNMENT- The meeting of the Board was adjourned at 1:26pm.